

Message Text

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C O N F I D E N T I A L GEORGETOWN 2220

EXDIS

E.O. 11652: GDS

TAGS: EMIN, GY

SUBJECT: GOG-OPIC/REYNOLDS TALKS- NEXT ROUND

REF: STATE 276873

1. PM BURNHAM RECEIVED ME AT 1715 DEC 18 AT GEORGETOWN RESIDENCE.
 2. REGARDING FRAMEWORK OF NEGOTIATION HE SAID HUBERT JACK'S LETTER TO REYNOLDS WAS NOT RPT NOT INTENDED TO ALTER THE ARRANGEMENT HE HAD MADE WITH JUSTICE GOLDBERG TO THE EFFECT THAT GOG WOULD NEGOTIATE DIRECTLY WITH OPIC, LATTER BEING REPRESENTED BY JUSTICE GOLDBERG. HE WENT ON TO NOTE THAT UNTIL SUCH TIME AS VESTING TOOK PLACE AND REYNOLD'S CLAIM FORMALLY SUBROGATED TO OPIC, ANY SETTLEMENT WOULD BE SUBJECT TO REYNOLDS' CONCURRENCE, ALTHOUGH HE SURMISED THAT IF OPIC REACHED AGREEMENT WITH GOG, REYNOLDS' CONCURRENCE WOULD BE FOREGONE CONCLUSION. I DEMURRED SLIGHTLY ON LAST POINT, INDICATING IT WAS POSSIBLE TO VISUALIZE A PARTICULAR SETTLEMENT WHICH MIGHT BE ACCEPTABLE TO OPIC, BUT NOT TO REYNOLDS, OR VICE VERSA. IN ANY EVENT, PM SAID HE ACCEPTED THE IDEA THAT AT THIS STAGE OPIC IS TAKING THE LEAD IN NEGOTIATIONS ON COMPENSATION, AND HE WILL EXPECT TO DEAL DIRECTLY WITH JUSTICE GOLDBERG, LEAVING REYNOLDS REPRESENTATIVES, SHOULD THEY ACCEPT INVITATION TO COME TO GUYANA, TO DEAL WITH DETAILS SUCH AS PENSION PLAN, ETC.
 3. REGARDING DATE FOR HIS NEXT SESSION WITH GOLDBERG, BURNHAM SAID HE HAD TOLD GOLDBERG ORIGINALLY HE COULD COME ANYTIME FROM
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DEC 27 TO 31. HE CHECKED CALENDAR AND SAID DEC 28 IS OPEN, AND

HE WILL EXPECT GOLDBERG AT BELFIELD AT 1000 HOURS. I ASKED BURNHAM WHETHER HE HAD ANY IDEA ABOUT HOW LONG THE TALKS MIGHT GO ON. HE SAID WHEN DAVIS CAME TO GUYANA FOR FINAL TALKS ON ALCAN SETTLEMENT, THERE HAD BEEN ONE SESSION COVERING FULL DAY AND WELL INTO NIGHT, FOLLOWED BY BRIEF SESSION NEXT MORNING, AT WHICH POINT DAVIS LEFT AND REST OF ALCAN TEAM STAYED BEHIND TO WRAP UP DETAILS.

4. ON QUESTION RAISED BY ROBERTS (PARA 4 REFTTEL), I SAID I HAD IMPRESSION THAT REYNOLDS MAY BE CHANGING MIND TOWARD HAVING ROBERTS COME TO GUYANA AT SAME TIME AS GOLDBERG IS HERE, OR AT LEAST IN NEAR FUTURE, AND THEN SAID I ASSUMED THAT THE ASSURANCES HE (BURNHAM) HAD GIVEN ME EARLIER ABOUT FREEDOM FROM ARREST AND OTHER LEGAL PENALTIES WERE STILL VALID. BURNHAM SAID QUOTE NATURALLY. WHAT DO REYNOLDS TAKE ME FOR-- A COMPLETE IDIOT? I WANT THEM TO PAY (TAX) AND HAVING THEIR PEOPLE UNDER ARREST WOULD GAIN NOTHING FOR ME. UNQUOTE. HE AGAIN SAID PENALTIES CLAUSES TAKEN BODILY FROM JAMAICAN LAW, AND SAID LATTER HAD NOT KEPT COMPANY REPRESENTATIVES FROM GOING TO JAMAICA TO NEGOTIATE.

(COMMENT: I RESISTED TEMPTATION TO POINT OUT THE SUBSTANTIAL DIFFERENCES BETWEEN SITUATIONS IN JAMAICA AND GUYANA, SINCE BURNHAM HAD ALSO NOTED THAT HE WAS RESISTING TEMPTATION TO BE ANGRY WITH ME FOR RAISING THE QUESTION WITH HIM AGAIN. IN FACT, I RAISED MATTER WITH SOME RELUCTANCE, BECAUSE I BELIEVE AT THIS STATE THERE IS EVERY REASON TO BELIEVE THAT BURNHAM REALIZES HOW COUNTER PRODUCTIVE IT WOULD BE TO HIS OBJECTIVES WERE REYNOLDS REPRESENTATIVES TO BE HARRASSED OR SUFFER ANY PHYSICAL HARM (OR EVEN PUBLIC EMBARRASSMENT) WHILE THEY ARE IN GUYANA TO NEGOTIATE WITH GOG.)

5. BURNHAM AT ANOTHER POINT IN HOUR-LONG, RELAXED CONVERSATION ALLUDED TO OPIC PROPOSAL TO CHARGE 10 PERCENT INTEREST (TAX-FREE) ON NET COMPENSATION DUE TO REYNOLDS/OPIC. HE DESCRIBED THIS AS QUOTE SHYLOCK UNQUOTE DEAL. I SAID OPIC FIGURE REPRESENTED CURRENT COST OF MONEY IN INTERNATIONAL LENDING TRANSACTIONS AND ASKED HIM HOW THIS COMPARED WITH RATE GOG IS PAYING ON RECENT BORROWING FROM ORION GROUP (PUBLISHED IN DEC 2 WALL STREET JOURNAL). BURNHAM SAID HALF-HEARTEDLY THAT ORION TRANSACTION WAS DIFFERENT, BUT I BELIEVE HE GOT THE POINT, BECAUSE HE NEXT ASKED ME WHAT I THOUGHT WAS MOST IMPORTANT ASPECT OF CONFIDENTIAL

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SETTLEMENT AS FAR AS OPIC IS CONCERNED. I VENTURED STRICTLY PERSONAL OPINION THAT BOTTOM LINE FIGURE ON NET COMPENSATION (PER GOLDBERG'S FORMULAE) IS PROBABLY THE KEY FACTOR TO OPIC, AND THAT TERMS OF COMPENSATION (INTEREST; DURATION) COULD BE NEGOTIATED WITH CERTAIN DEGREE OF FLEXIBILITY PROVIDED OVERALL AMOUNT WAS INSIDE THE BALL PARK.

6. WOULD APPRECIATE EARLY ADVICE ON JUSTICE GOLDBERG'S TRAVEL

PLANS. I WOULD OF COURSE BE DELIGHTED TO HAVE HIM STAY AT RESIDENCE.
KREBS

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